

The greater selection and lower prices that have resulted from competition in the sale of telephones has been a great benefit for consumers. The same can be done for cable boxes. Currently, technology already exists for protecting analog signals, and protection for digital signals is not far behind. The Cohen/Snowe amendment would not require the adoption of any particular standard; it would simply order the cable companies to come up with a common standard so that competition could exist in the provision of set-top boxes. For example, the industry could use an electronic card system similar to that used by automatic bank tellers. This amendment is very reasonable, and very narrow, and deserves our support.

Those opposing the amendment contended:

We must reluctantly oppose this amendment. We ordinarily would support an amendment that is intended to open up a market to further competition, but in this case we cannot because we feel that this particular amendment would actually prove harmful to competition. First, technology in the telecommunications industry is changing extremely rapidly. If we require the FCC to adopt regulations on industry standards, those regulations will prove to be a drag on efforts to introduce new technologies. Second, current law already forces cable companies to provide these boxes at cost, and this bill will not change this requirement. Third, competition from direct broadcast satellites, phone companies, and other sources will make sure the industry is reasonable in its set-top box rates. Fourth, and most importantly, our colleagues underestimate the need of cable companies to use set-top boxes. All of a cable company's programming is carried on every cable going to every subscriber. The circuitry in each set-top box determines which of those signals will be unscrambled. Customers boxes are programmed to unscramble the services for which they pay. The cable companies themselves are not particularly pleased with this arrangement because dishonest entrepreneurs have learned to alter boxes to unscramble signals. The resulting losses for companies from stolen signals are enormous. Cable companies are trying desperately to come up with an alternative to using boxes, but so far none of the technologies, whether credit card systems, negative traps, or any other effort, has proven successful. If Congress were to order cable companies to allow anyone to manufacture set-top boxes when no safer system for protecting signals from theft exists, the likely result will be a massive increase in the rate of theft. Cable companies will be put at an extreme competitive advantage. In other words, this amendment would do less to create competition than it would to facilitate theft, and in the process it could destroy the cable industry. This result does not meet our definition of increasing competition. Therefore, we oppose this amendment.